

HOUSE BILL No. 1759

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20.5-8; IC 6-3.1-22.

Synopsis: Inventory tax credits. Provides a credit against state tax liability for property taxes paid on inventory. Phases the credit in so that the credit equals the assessed value of the taxpayer's business inventory after four years. Provides that a taxpayer may not claim both the business inventory credit against state tax liability and the personal property tax credit.

Effective: January 1, 2001 (retroactive).

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January 17, 2001, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1759

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-20.5-8 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)]: **Sec. 8. A**
4 **property owner may not claim the credit provided by this chapter**
5 **if the property owner claims a business inventory credit under**
6 **IC 6-3.1-22 during the calendar year.**
7 SECTION 2. IC 6-3.1-22 IS ADDED TO THE INDIANA CODE
8 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
9 JANUARY 1, 2001 (RETROACTIVE)]:
10 **Chapter 22. Business Inventory Credit**
11 **Sec. 1. As used in this chapter, "assessed value" means the**
12 **assessed value of inventory determined under IC 6-1.1-3.**
13 **Sec. 2. As used in this chapter, "inventory" has the meaning set**
14 **forth in IC 6-1.1-3-11.**
15 **Sec. 3. As used in this chapter, "pass through entity" means:**
16 **(1) a corporation that is exempt from the adjusted gross**
17 **income tax under IC 6-3-2-2.8(2);**

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- (2) a partnership;
- (3) a limited liability company; or
- (4) a limited liability partnership.

Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
- (3) IC 6-3-8 (supplemental net income tax);
- (4) IC 6-5-10 (bank tax);
- (5) IC 6-5-11 (savings and loan association tax);
- (6) IC 6-5.5 (financial institutions tax); and
- (7) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "taxpayer" means an individual or entity that has state tax liability.

Sec. 6. (a) Except as provided in section 10 of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the ad valorem property taxes paid by the taxpayer in the taxable year on inventory.

(b) The amount of the credit is equal to the lesser of:

- (1) the ad valorem property taxes paid on inventory in the taxable year; or
- (2) an amount equal to the ad valorem property taxes paid on inventory, as identified by the taxpayer, with an assessed value not exceeding the following:
 - (A) For a taxable year beginning in 2001, seventy thousand dollars (\$70,000).
 - (B) For a taxable year beginning in 2002, two hundred thousand dollars (\$200,000).
 - (C) For a taxable year beginning in 2003, one million dollars (\$1,000,000).
 - (D) For a taxable year beginning after 2004, the assessed value on which the full amount of the ad valorem property taxes paid on inventory in the taxable year was imposed.

Sec. 7. (a) If the amount determined under section 6(b) of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this

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chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

(b) A taxpayer is entitled to a refund of any unused credit.

Sec. 8. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 9. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return in the manner prescribed by the department. The taxpayer must submit to the department proof of payment of an ad valorem property tax and all information that the department determines is necessary for the calculation of the credit provided by this chapter.

Sec. 10. A taxpayer may not claim the credit provide by this chapter if the taxpayer claims a personal property tax credit under IC 6-1.1-20.5 during the taxable year.

SECTION 3. [EFFECTIVE JANUARY 1, 2001 (RETROACTIVE)] IC 6-3.1-22, as added by this act, applies only to taxable years beginning after December 31, 2000.

SECTION 4. An emergency is declared for this act.

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